

The complaint

Miss B complains NewDay Ltd lent to her irresponsibly when they approved her application for a credit card.

Miss B is represented by a claims management company in this complaint, but I'll refer to her throughout my decision.

What happened

Miss B complains NewDay lent to her irresponsibly when they gave her a credit card in September 2022, with a £1,500 credit limit.

NewDay looked into Miss B's concerns and issued their final response. They explained their checks showed the lending was affordable for Miss B, so they didn't uphold her complaint. Miss B remained unhappy, so she brought her complaint to our service.

Our Investigator didn't uphold Miss B's complaint. He felt NewDay carried out reasonable and proportionate checks, and the results of those checks suggested the credit card was affordable. But Miss B disagreed. She explained the results showed she'd missed a mortgage payment in the six months prior to applying for the credit card. And that information ought to have prompted NewDay to carry out further checks because it was a priority bill.

Our Investigator acknowledged the missed mortgage payment but explained, that alone, wasn't enough to say Miss B was in financial difficulties when applying for her credit card. He said the credit checks didn't suggest there were signs of ongoing difficulties.

Miss B disagreed with our Investigator, so her complaint was passed to me for a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered everything, I'm not upholding Miss B's complaint. I'll explain my reasoning below.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something NewDay is familiar with, and I've used this approach to help me decide Miss B's complaint.

NewDay needed to make sure they didn't lend irresponsibly. In practice, this means they needed to carry out reasonable and proportionate checks so they could understand whether Miss B could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an "affordability assessment" or "affordability check".

The checks needed to be borrower focused – meaning NewDay had to consider if repaying the credit sustainably and within a reasonable period of time would cause difficulties or adverse consequences for Miss B. It wasn't enough for NewDay to consider the likelihood of getting their funds back – they had to consider the impact of the repayments on Miss B.

Checks also needed to be proportionate to the specific circumstances of the lending. What constitutes a proportionate affordability check will depend on several factors, but not limited to, the particular circumstances of the consumer, and the amount/type/cost of credit they were seeking. So, I've kept all this in mind when thinking about whether NewDay did what they needed to before lending to Miss B.

NewDay say they relied on information provided by Miss B and that gathered from credit checks. Miss B's application declared she had an annual salary of £60,000 – and the credit checks showed she was paying just over £2,300 a month to her existing credit commitments. Given Miss B's monthly salary would have been around £3,500 a month, she would have likely had a healthy disposable income that would have meant the credit card was affordable.

However, the way a customer manages their accounts is something I'd expect NewDay to consider before lending. That's so they could determine whether further borrowing was likely to be sustainable and not cause harm.

Having reviewed NewDay's credit checks, I've seen it had been four years since Miss B's last public record, and nearly three years since she'd last had a default. While they are negative markers, the time that had passed didn't indicate Miss B was in financial difficulties at the point of application. However, the checks also showed Miss B had one missed mortgage payment in the six months prior to her credit card application.

Our Investigator felt the missed mortgage payment wasn't enough to say further checks were required. However, I disagree given a mortgage payment is an essential bill. As this missed payment occurred not long before the application, I consider this ought to have prompted NewDay to carry out further checks to ensure the credit card was affordable and sustainable for Miss B's circumstances.

Miss B has said NewDay ought to have verified her income when seeing the missed mortgage payment. But I consider them going through her income and expenditure would have been reasonable and proportionate given what they'd already gathered regarding her disposable income and the relatively modest credit limit of £1,500.

To understand what those further checks would have likely shown, I asked Miss B to provide her bank statements for the three months prior to her credit card application. However, this information hasn't been provided.

As I've no additional evidence to detail what further checks would have shown regarding Miss B's financial position at the point of lending, I've had to base my decision on the evidence I have. As mentioned above, NewDay's checks suggested Miss B had a healthy disposable income that ought to have allowed her to afford the credit card. And bar the missed mortgage payment, she appeared to be managing her credit commitments well.

I accept there was a missed payment to a priority bill. But this alone isn't enough for me to safely conclude Miss B was in financial difficulties, or it was going to be an ongoing issue. In fact, this is supported by the credit checks carried out in the months after the account was opened as there were no further missed payments of that nature. So, it's for this reason I don't consider NewDay treated Miss B unfairly when they approved her application for a credit card.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NewDay lent irresponsibly to Miss B or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Miss B hoped for. But for the reasons above, I'm not asking NewDay to do anything to put things right.

My final decision

My final decision is that I'm not upholding Miss B's complaint about NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 30 July 2025.

Sarrah Turay
Ombudsman